

APPROVED FOR RELEASE

5181

NIE 13-60

6 December 1960

SECRET

20 DEC 1960

NATIONAL INTELLIGENCE ESTIMATE NUMBER 13-60

Supersedes NIE 13-59

APPROVED FOR RELEASE

23 SEP 69

COMMUNIST CHINA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, The Joint Staff, and the Atomic Energy Commission.

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

on 6 December 1960. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; the Atomic Energy Commission Representative to the USIB; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction.

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COMMUNIST CHINA

THE PROBLEM

To analyze Chinese Communist domestic developments and external relations, and to estimate probable trends during the next five years.

CONCLUSIONS

1. The leaders of Communist China are determined to make China a leading world power as rapidly as possible. Over the past 11 years Communist China has made impressive gains in industrial and military strength and in the organization and regimentation of the Chinese people. These gains, together with a conviction that world trends strongly favor the Communist cause, have been increasingly manifested during the past year in aggressive self-confidence towards both the West and the USSR. (*Paras. 11-14*)
2. We believe that over the period of this estimate, Communist China's economy will continue to grow rapidly, especially in heavy industry, although at a less rapid rate than 1958-1960. Communist China's dependence on the rest of the Bloc for economic and military equipment and for technological assistance will have been substantially reduced. By 1965 Communist China will probably be the world's leading producer of coal, the third ranking producer of crude steel, a major producer of electric power, and it will have a merchant marine of significant size. It will also have made substantial progress toward becoming a modern power in science and technology, though its relative standing will remain well behind that of the advanced nations. However, if Sino-Soviet relations should deteriorate to the point where Bloc sources of industrial equipment and technical assistance were greatly reduced, Communist China's economic growth would be slowed, expansion into more complex fields of industry inhibited, and military development retarded. (*Paras. 17-20, 34, 36*)
3. Peiping will continue to face major economic problems for many years to come. It will continue to be dependent upon foreign sources for some key items of industrial and military equipment and for specialized technical knowledge. Communist China's petroleum requirements will grow rapidly during the next five years, and even the expected tripling

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of domestic production will not end China's dependence upon petroleum imports. Transportation will remain overburdened. Agricultural production will still be meager in relation to domestic and export needs. Per capita supplies of food and other consumer goods will not have risen enough to enable material incentives to replace coercion and political pressures as the chief spurs to production. An increasingly urgent population problem will confront the regime with difficult policy decisions. (*Paras. 16, 18-20, 24-25, 29, 31, 33*)

4. There will probably be growing dissatisfaction and disillusionment among the Chinese masses concerning the heavy burdens they will be forced to carry, and the regime will face increasing problems in overcoming public apathy, fatigue, and passive resistance. In addition, there may be an increase in party factionalism when Mao Tse-tung dies. Such developments, however, will not threaten the regime's ability to control and direct the country. Furthermore, there is positive support from some millions of people who have made real advances under Peiping's rule, and among many there is a feeling of pride in Communist China's rapid advance as a world power. In any case, we now see no serious threat, either internal or external, to the continuance of the regime. (*Paras. 42-43, 49*)

5. Peiping's conventional military capabilities will probably continue to grow, and will increasingly threaten the non-Communist Asian periphery. The rate of increase in Communist China's military capabilities will be determined in large part by the economic demands of the regime's overall economic develop-

ment program and by the nature and extent of Soviet assistance. Communist China will probably have exploded a nuclear device during the period of this estimate and may have produced a small number of elementary nuclear weapons. It may also have produced a jet medium bomber. However, unless there is a great increase in Soviet aid in the missile field, which we believe is unlikely, China will be unable to develop and produce even medium-range guided missiles by 1965. (*Paras. 50-64*)

6. The most important development of the past year in Communist China's affairs has been the breaking out of the long-smouldering Sino-Soviet dispute over Communist world policy and authority within the Bloc. We believe that the differences between Peiping and Moscow are so basic and are so much a product of the different situations and problems in the two countries that any genuine resolution of the fundamental differences is unlikely. Although the possibility of a complete break cannot be excluded, we believe that the alliance against the West will hold together. Nevertheless, the estrangement will probably continue, with ups and downs as new issues arise.¹ (*Paras. 70-73*)

7. A basic tenet of Communist China's foreign policy—to establish Chinese hegemony in the Far East—almost certainly will not change appreciably during the period of this estimate. The regime will continue to be violently anti-American and to strike at US interests wherever and whenever it can do so without paying

¹ The judgment of this paragraph appears to be consistent with such information as we now have on the recently adjourned conference in Moscow.

a disproportionate price. It will continue and almost certainly step up its efforts to create trouble and confusion in Asia, Africa, and Latin America and to subvert anti-Communist and, probably, non-Communist governments in these areas. (Paras. 82, 86-88)

8. During the period of this estimate Peiping's policies will range between relative moderation and outright toughness. Peiping will probably again increase its military pressures in the Taiwan Strait area. However, we believe that Peiping does not intend to advance its aims by overt military action elsewhere, although it probably will react forcefully to challenges and opportunities. Its arrogant self-confidence, revolutionary fervor, and distorted view of the world may lead Peiping to miscalculate risks. This danger would be heightened if Communist China

achieved a nuclear weapons capability. (Paras. 89-90)

9. Even before the explosion of a nuclear device, Peiping's military power and potential may increasingly complicate the international disarmament problem. Peiping will exploit this situation in an effort to enhance its international status, but at the same time may attempt to prevent the conclusion of any disarmament agreement, at least until it becomes a nuclear power. (Para. 91)

10. In 1965 Communist China will be playing more fully the role of a leading world power, whether or not it is a member of the UN. Its arrogance, pretensions, and capabilities for independent action will remain a source of concern to the USSR. At the same time the danger posed by Communist China to US interests, particularly in Asia, will have increased. (Para. 92)

DISCUSSION

I. INTRODUCTION

11. As Communist China enters its twelfth year, the balance sheet shows both impressive assets and formidable liabilities. China's continuing rapid economic growth and its steadily increasing military strength are moving the regime closer to its goal of becoming a leading world power. At the same time, the regime is facing some of the greatest difficulties, domestic and foreign, it has yet encountered.

12. Although there is much discontent and apathy, especially among the peasants, the general aspect of Communist China is marked by regimented energy on the part of the people, and self-confidence on the part of the leaders. In the reports of returning travelers the word "arrogance" appears with striking regularity. Even Communist visitors report that the dedication and drive of the Chinese

are in conspicuous contrast to the situation in other Communist countries.

13. Despite these manifestations of self-assurance, Peiping confronts a serious domestic weakness in agriculture and an external crisis in relations with Moscow. In 1960 the nation's diet is still at a precariously low level and the regime has been unable to meet all of its export obligations from the domestic harvest. The year has been even more conspicuously marked by Peiping's open challenge to Moscow's authority in the Communist Bloc. This action has brought upon Peiping the severe disapproval of the USSR and most of the rest of the Bloc and has raised the possibility that Bloc economic and technical support, which are essential for China's rapid growth as a great power, might be seriously reduced or even cut off.

14. The small group of men who run Communist China have almost unlimited ambitions for their regime and country. They explicitly assert that China shall become thoroughly communized as rapidly as possible, and they apparently believe that China will eventually become the greatest nation in the world. Belief in the reality and attainability of these goals has led this handful of zealots to drive themselves and to be prodigal with the lives and energies of the Chinese people; they have cajoled and coerced the workers and peasants of the country to do a maximum of work in return for minimal compensation and promises that the rapid growth in production will ultimately bring much greater material rewards. The leaders themselves are inspired by a mixture of Communist idealism and Chinese nationalism. They promote communism to hasten China on the road to power and glory, and exploit Chinese nationalism to hasten the building of communism.

II. DOMESTIC BASE

A. Economic²

15. *General.* The Chinese Communist regime during 1958-1960 has greatly accelerated its efforts to catapult the country into the ranks of the chief industrial powers in the shortest possible time. As a result of this effort the gross national product (GNP) of Communist China increased by about 18 percent in 1958, 12 percent in 1959, and about 12 percent in 1960.³ The latter two years would have shown greater rises but for the abnormally bad weather which crippled agricultural output. A tremendous input of labor and capital investment was concentrated upon the expansion of the economy, especially heavy industry. Although still labeled the "Great Leap Forward," the regime's economic policies at the

end of 1960 are relatively conservative compared to the extreme programs of 1958.

16. Despite its successes Communist China has a long way to go before becoming a modern industrial power. Industrial production in 1959 was less than 10 percent of that of the US, while the general level of technology and the general quality of product in Chinese industry were still far below the standards of the industrialized nations of the world. Moreover, 80 percent of the population is engaged in agriculture, and per capita GNP in 1959 was only about US \$120,⁴ or roughly a quarter of that of Japan. The Chinese Communist regime has been able to sustain its rapid economic growth only through imposing severe hardships on the Chinese people and through restraining rises in their already meager standard of living. In result, there is widespread disillusionment among the people.

17. Thus Communist China's economy faces the next five years with both greater assets and greater liabilities. The economy is now organized to sustain heavy investment, and the percentage of GNP invested, which rose from 20 percent in 1957 to about 33 percent in 1960, will probably reach about 40 percent in 1965.⁵ At the same time, many serious economic difficulties will challenge the regime.

² During the First Five-Year Plan (1953-1957) the average annual increase in GNP was seven percent.

³ A number of different methods may be employed to convert one country's GNP into the currency of another country for purposes of comparison. These different methods will frequently yield widely differing results, particularly when the structures of the two economies are so dissimilar as are the US and Chinese economies. Any one of the methods has defects in providing international comparison; thus the above figure should be regarded only as a rough approximation.

⁴ Prices of capital goods in China, where capital is scarce in comparison to labor, are high compared to prices of capital goods in the US. If investment were valued in terms of the US price structure, these percentage shares of investment as a portion of Chinese GNP would be reduced by about one-third; even so, investment would still be an impressively high percentage of GNP. The higher prices for capital goods also result in a slightly higher growth rate of GNP.

⁵ The Chinese Communists, like their Soviet mentors, have made it difficult for foreign observers to use official data in gaining a clear understanding of the workings of the economy. They have released only partial data and in various ways presented misleading comparisons in reporting economic production and activities. This requires that Chinese Communist statistics be viewed critically and in some cases substantially discounted. See Appendix II.

It is probable, however, that the leaders will be able to find sufficiently effective solutions to keep the economy growing rapidly, even though occasionally faltering and always under great pressure, especially in agriculture. On balance, we estimate that over the next five years the annual growth in GNP will average 10 to 11 percent, provided the flow of equipment and technology from the rest of the Bloc continues.

18. *Dependence on the Bloc.* Until recently the number of Soviet technicians in Communist China was gradually reduced by common agreement as Chinese technical capabilities improved; the number of Soviet technicians in China at the beginning of 1960 was about half the peak reached in 1954. In the summer of 1960, however, Moscow unilaterally withdrew the majority of its remaining technicians from China. If these are not replaced, the movement of Chinese industry, technology, and weaponry into more complex fields will be slowed. Moreover, a major reduction in deliveries from the Bloc would alter the magnitude and structure of Communist China's economic growth. The annual growth in GNP would fall somewhat, although it would still be large because of the high level of investment. The regime would be forced to alter its development program, reducing emphasis on sectors requiring more advanced technology and more complex equipment.

19. Branches of heavy industry which are especially dependent on outside aid for equipment, technology, or both, include: the finishing stages of aluminum and steel, large electric power stations, cement, selected chemicals (fertilizer, plastics, and synthetic fibers), heavy and complex machine tools, selected electronic equipment, naval shipbuilding, jet aircraft, heavy ordnance and engineer equipment, and nuclear energy. In addition, China now imports about half its POL from the Bloc.

20. Several sectors of the Chinese economy have never received substantial Soviet Bloc support or have outgrown the need for much outside aid: i.e., agriculture, transportation, light industry, mining, and some branches of heavy industry. Heavy industry should

be able to satisfy nearly all of Chinese planned needs through 1965 for the following goods: equipment for smelting and refining of copper and aluminum, machinery for small and medium iron and steel furnaces and steel rolling mills, coal mining machinery of the less advanced types, oil drills, equipment for refining petroleum (except by catalytic cracking), heavy industrial chemicals, small and medium turbogenerating equipment, rubber tires, lathes, trucks, small merchant vessels, small transport aircraft, radios, and television sets.

21. *Agriculture.* Agricultural achievements in 1955 and 1958 provided opportunities for instituting collectivization and communalization, respectively. The real increases of food production in 1958 were greatly magnified by false statistics. Misled by these spectacular figures, the regime in late 1958 allowed food to be consumed through free supply in the commune messhalls at a rate which could not be sustained. Moves were also made toward reducing acreage with the expectation of producing more crops on less land by new Communist methods of intensive agriculture. By the end of 1958 food reserves were already running low, and there were serious local shortages in many parts of the country. Since then the problem has been greatly aggravated by two successive bad crop years. Production of food grains in 1959 was probably about 10 percent less than our estimate of 212 million tons for 1958. The 1960 harvest is likely to be little, if any, better. And in these past two years the population increased by about 30 million.

22. As a result, rationing has had to be intensified. In addition, the regime has felt it necessary to supplement the food supply with city garden plots and an intensive nationwide program to collect wild foods and fibers. Despite such moves, by the autumn of 1960 Peiping was falling behind on export commitments and was even buying grain abroad in an effort to meet them. Serious hunger and malnutrition were reported from several parts of the country, and it is likely that food conditions will further deteriorate through the spring of 1961 before the early summer harvests. The cotton crop has also

fallen short, temporarily halting growth in the textile industry and bringing on even stricter rationing of cotton cloth.

23. The regime has belatedly come to a realization that more effort and investment are needed to enable agricultural production to keep up with growing demands upon it. During the past three years Peiping has given increasing attention to agriculture. The share of capital investment devoted to agriculture in the national budget has increased from a little over 8 percent in 1957 to nearly 12 percent in 1960, while under the commune organization peasant investment has more than doubled in the same period. In the latter part of 1960 vigorous efforts were made to increase the labor force available in the countryside. Cadres and civil servants were sent to the rural areas and all nonproductive units such as teams for welfare, culture, and athletics were dissolved for the duration and sent to work in the agricultural "front lines."

24. Unless 1961 should turn out to be a third successive year of bad weather, the present food and export emergencies will be largely ended by the 1961 harvest. Given average weather, the regime will probably be able to meet its minimum needs for agricultural production for the next five years and perhaps for a considerable time beyond that. Although there will probably be 90 million more Chinese to feed in 1965 than in 1960, we believe that the regime will invest enough in agriculture in the form of fertilizer, irrigation, mechanization, and manpower to meet the increased demand and, possibly, to provide a little improvement in the average diet. Nevertheless, throughout the next five years and indeed for the foreseeable future, the industrial priorities of the regime's program will limit the agricultural effort. This suggests that the balance between consumer needs and agricultural production will be a precarious one, always subject to being drastically upset by the vagaries of weather and agricultural policy. Another poor crop year in 1961 would probably force substantial cutbacks in the development effort and a further reorientation of investment from industry to agriculture.

25. *Population.* We estimate Communist China's population in mid-1960 at about 690 million and at 762 to 780 million in mid-1965. This population growth rate of 2 to 2.5 percent annually reflects the effect of a vigorous public health program that has increased life expectancy from about 30 years before 1949 to 54 years in 1958, an increase which Western nations required about 50 years to achieve in their demographic transitions. As a result, the population growth in the absence of curtailed fertility can be expected to accelerate, leading to a doubling of the population in about 25 years. However, the Chinese leaders, we believe, are aware of the long-run dangers of rapid population growth. At the same time, it is probable that an effective program to curtail fertility would involve considerable coercion and would encounter significant ideological and social resistance, resulting in adverse effects on party unity and public morale. In any event, the critical nature of the population problem will become increasingly clear to the regime and it may begin to take more effective action during the period of this estimate.

26. *Industry.* Industrial growth over the last three years has been rapid but uneven. There were two great surges: one in the last half of 1958, the other covering the last quarter of 1959 and the first quarter of 1960. In part these rapid increases resulted (especially in 1958) from a greatly intensified exploitation of China's greatest natural resource, manpower. People worked longer and harder, and millions were added to the industrial labor force. Existing plant facilities were utilized more extensively, and there was great expansion of the fuel and raw material sectors, such as mining and building materials, which could use large amounts of unskilled labor.

27. Increased labor input, however, is only part of the explanation for the rapid growth of industrial output. The Chinese Communists are now receiving the payoff from 10 years of intensive effort to expand capacity in heavy industry. Large industrial plants have been built with equipment and technology acquired from other members of the Bloc, primarily the USSR. Many of these plants

have come into production in the past three years, and, starting from a low base figure, the addition of the output of these large factories resulted in striking percentage increases. Supplementing the increase in output from the large plants, a smaller but appreciable increase has come from the establishment of a large number of modern, small, domestically-built plants using labor-intensive methods of production.

28. In 1958 industrial production increased by about 40 percent over 1957, and by another 33 percent in 1959. We anticipate that the 1960 increase will be about 25 percent. We believe that the production of crude steel, which has received especial emphasis from the regime, rose as follows (in millions of metric tons):

1957	5.4
1958	8.0
1959	13.4
1960 (planned)	18.4

Production of crude steel in 1960 was scheduled to level off at the rate of the last quarter of 1959, probably because it is out of balance with rolling mill capacity and the rest of heavy industry. Coal production has risen from 130.7 million tons in 1957 to an estimated 425 million in 1960, although there has been a drop in the quality.⁶ Output of electric power has likewise more than tripled in three years: 1957, 19.3 billion kilowatt-hours; 1960, an estimated 58.3 billion kilowatt-hours. Other basic industries have also increased greatly.

29. Although the production of crude oil in Communist China increased from 1.7 million tons in 1957 to an estimated 5.2 million tons in 1960, there have been indications of a widespread shortage in the latter part of 1960. At present China produces about half of the crude oil and petroleum products it uses and relies on imports (primarily from the USSR) for the other half, including virtually all of its aviation fuel. By 1965 domestic crude oil pro-

duction may reach 18 million tons, with a corresponding growth in refining capacity. Even so, demand will probably have grown so much that imports will be required to meet a quarter of the nation's needs of petroleum products.

30. Chinese efforts have been most effective when they concentrated on accelerating the Soviet-style program established in the First Five-Year Plan and least successful when they involved a radical (Chinese) departure from this established program. Planning and the organization of industrial production is likely to resemble more closely the Soviet model as the development of a complex modern industrial society progresses.

31. The rate of industrial expansion, however, although remaining high, is expected to decline during the next five years for a number of reasons. The recent practice of stressing a narrow and simple product mix⁷ will of necessity give way to greater diversity, complexity, and specialization. This greater diversity and complexity will require larger amounts of investment and longer lead times between investment and the completion of industrial facilities. Moreover, industrial investment will decline as a share of total investment, because agriculture and transportation will necessarily claim an increasing share of investment. Also, with material incentives for workers and peasants continuing to be severely limited, Peiping will probably face difficulties in sustaining labor effort and in increasing labor productivity.

32. Assuming no drastic reduction of Soviet trade deliveries and technical support, we estimate that Communist China's industrial growth, which averaged a little over 15 percent during 1953-1957 and about 35 percent during 1958-1959, will drop from about 25 percent in 1960 to as low as 12 percent in 1965. Production in heavy industry will expand considerably faster than light industry, and by

⁶ This places Communist China ahead of the US and second only to the USSR in coal production, but coal is still the main source of energy in China. In petroleum, natural gas, and electric power, Communist China ranks far down on the list of producers.

⁷ For example, China's steel industry now produces only a few kinds of alloys and a limited number of rolled or extruded shapes. As the economy turns to the production of more advanced types of sophisticated machines, a wide range of special alloys and a great variety of shapes will be required.

1965 it will probably be more than three times the 1959 level. Production in heavy industry will probably grow by nearly a third in 1960, but by 1965 the annual growth rate may decrease to about one-sixth. Production in light industry will increase by an estimated 10 percent in 1960, dropping to about half that by 1965.

33. Although Peiping will probably increase its investment in modern transport to enable an approximate doubling of capacity by 1965, this rate of expansion would still leave the transportation situation very tight. Railroads, the primary means of transport, will be substantially extended, improving the network in the areas now served and completing the trans-Sinkiang line to the USSR, the network in the southwest, and possibly even a railroad to Lhasa. Truck transport will also be expanded to handle shorthaul traffic, while coastal and inland shipping transport will be rapidly developed to supplement both road and rail transport. It is also expected that Communist China will greatly expand its merchant marine through construction and purchase, and will probably carry a substantial proportion of its foreign trade in its own vessels. China's telecommunications facilities, which have developed rapidly in the past few years, will continue to expand and will provide increasing support to the regime's economic, military, and political programs.

34. By 1965 Communist China's gross industrial output will probably rank with that of the UK, West Germany, France, and Japan. It will lead the world in the production of coal and will be a major producer of electric power.⁸ It will probably rank third in crude steel output.

35. In terms of quality and diversity of output, however, Communist China will still be in the third echelon of industrial powers. A sizable technological gap will still exist be-

⁸ Provided construction of the 30 large hydroelectric projects now on the books proceeds on schedule, by 1965 China will be producing close to 200 billion kwh a year. This is more than the estimated combined production of the European Satellites by that year and about the same as US production in 1940.

tween China and Japan. Evaluated in terms of per capita GNP or by the standard of living of its people, China will still be a backward nation. Although the income of the average citizen will probably have risen slightly above the 1960 level, the per capita production of food and other consumer goods will not have risen sufficiently to replace coercion and political pressures as the chief spurs to production.

36. *Science and Technology.*⁹ The Peiping regime considers scientific and technological progress of major importance in developing Red China into a world power. The country is making significant progress in a well conceived 12-year program to raise its scientific and technological level in vital areas by 1967. The effort is concentrated in 11 broad technological fields, such as electronics and atomic energy, and at the same time a beginning has been made in associated fundamental research. Notable success is already evident in several key technological areas, and we believe general scientific and technological capabilities will be increased significantly by 1967. Communist China's relative standing will remain well behind that of the advanced nations, however, primarily because of a general lack of scientific manpower, the most limiting factor in the Chinese effort.

B. Social-Political

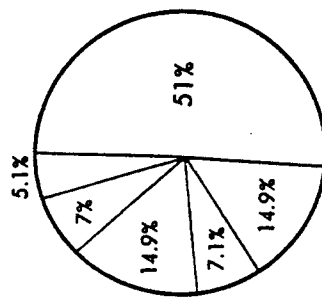
37. *The Party.* The members of the Chinese Communist Party (CCP) face tremendous problems in seeking to cajole and coerce the workers and peasants to serve the ambitious goals the regime has set. Such problems are especially acute for the working level party cadres who, whatever their energies or skills, are caught between the demands of the party leaders and the desires of the Chinese people. It is they who have to spur on the peasants and workers day after day, insisting that they produce to the limits of physical endurance in return for pitifully inadequate rewards. The position of these

⁹ A further discussion of Communist China's science and technology appears in Appendix I. and nuclear weapons capabilities are discussed in paragraphs 56-62 below.

COMMUNIST CHINA GROSS NATIONAL PRODUCT, BY SECTOR OF ORIGIN 1954, 1959, AND 1965

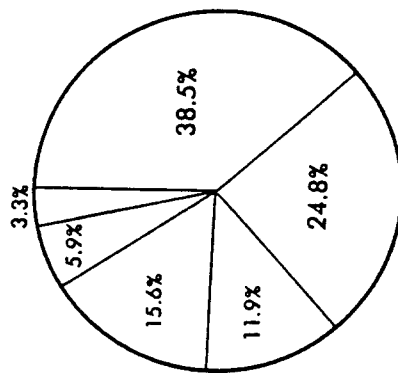
(Billion yuan in 1957 prices)

- ☐ Agriculture
- ☐ Industry (including handicrafts)
- ☐ Construction and modern transportation and communications
- ☐ Trade and native transportation
- ☐ Rental income and personal service income
- ☐ Government



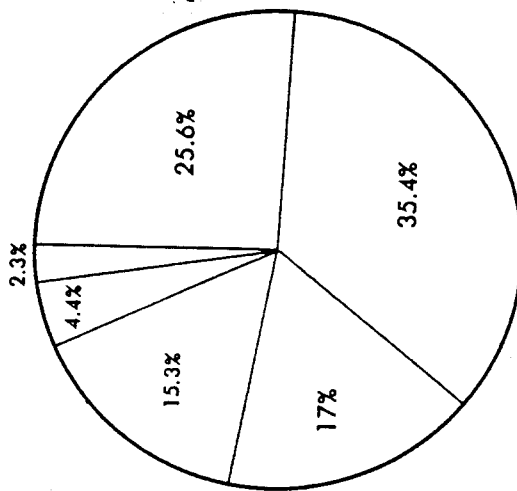
1954

TOTAL GNP: 86.4



1959

TOTAL GNP: 141.3



1965

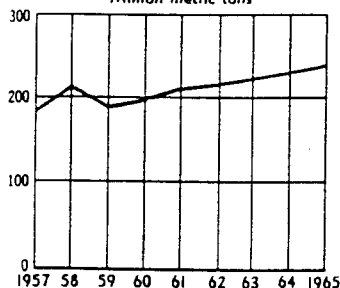
TOTAL GNP: 256.7

Gross national product, at factor cost, does not include indirect taxes.

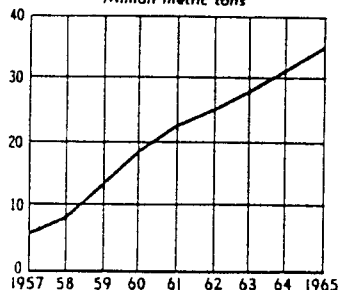
FOR OFFICIAL USE ONLY

COMMUNIST CHINA ESTIMATED ANNUAL PRODUCTION OF SELECTED MAJOR COMMODITIES, 1957-65

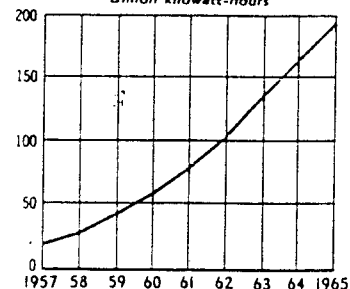
TOTAL GRAINS
Million metric tons



CRUDE STEEL
Million metric tons

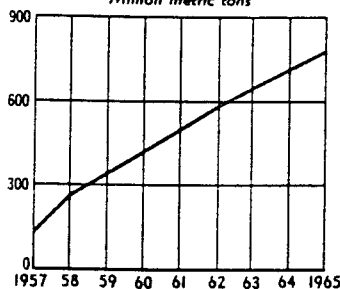


ELECTRIC POWER
Billion kilowatt-hours



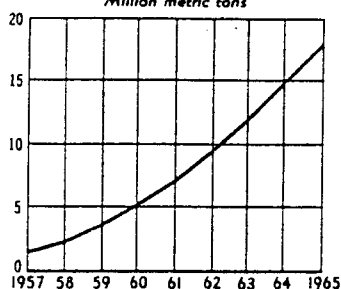
COAL

Million metric tons



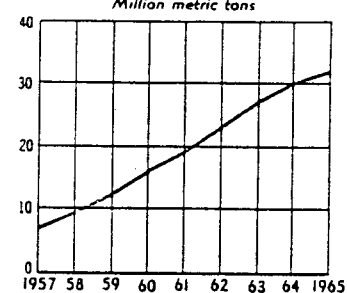
CRUDE OIL

Million metric tons



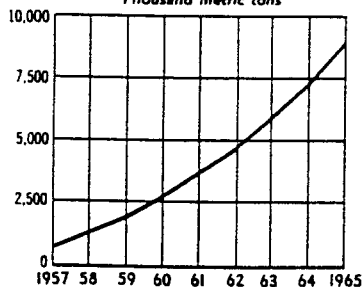
CEMENT

Million metric tons



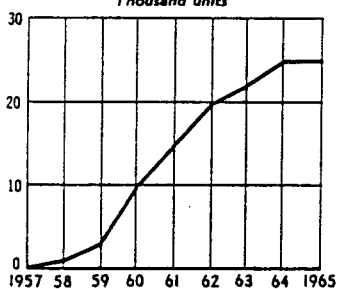
CHEMICAL FERTILIZER

Thousand metric tons



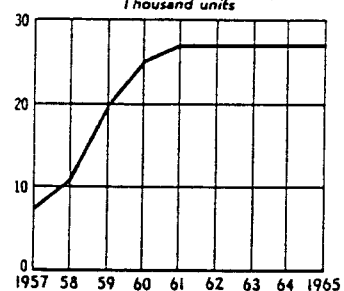
TRACTORS

Thousand units



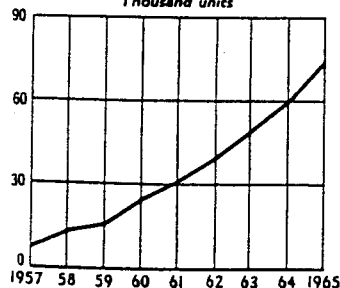
RAILROAD FREIGHT CARS

Thousand units



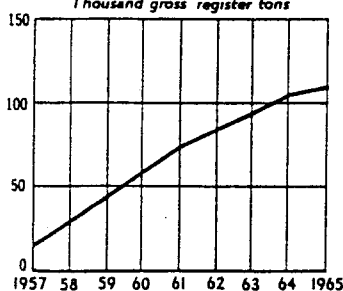
MEDIUM TRUCKS

Thousand units



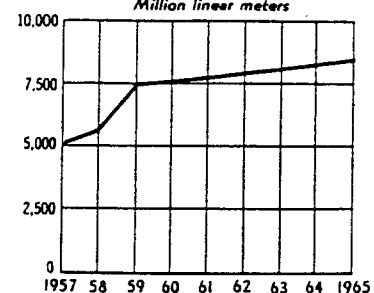
MERCHANT VESSELS

Thousand gross register tons



COTTON CLOTH

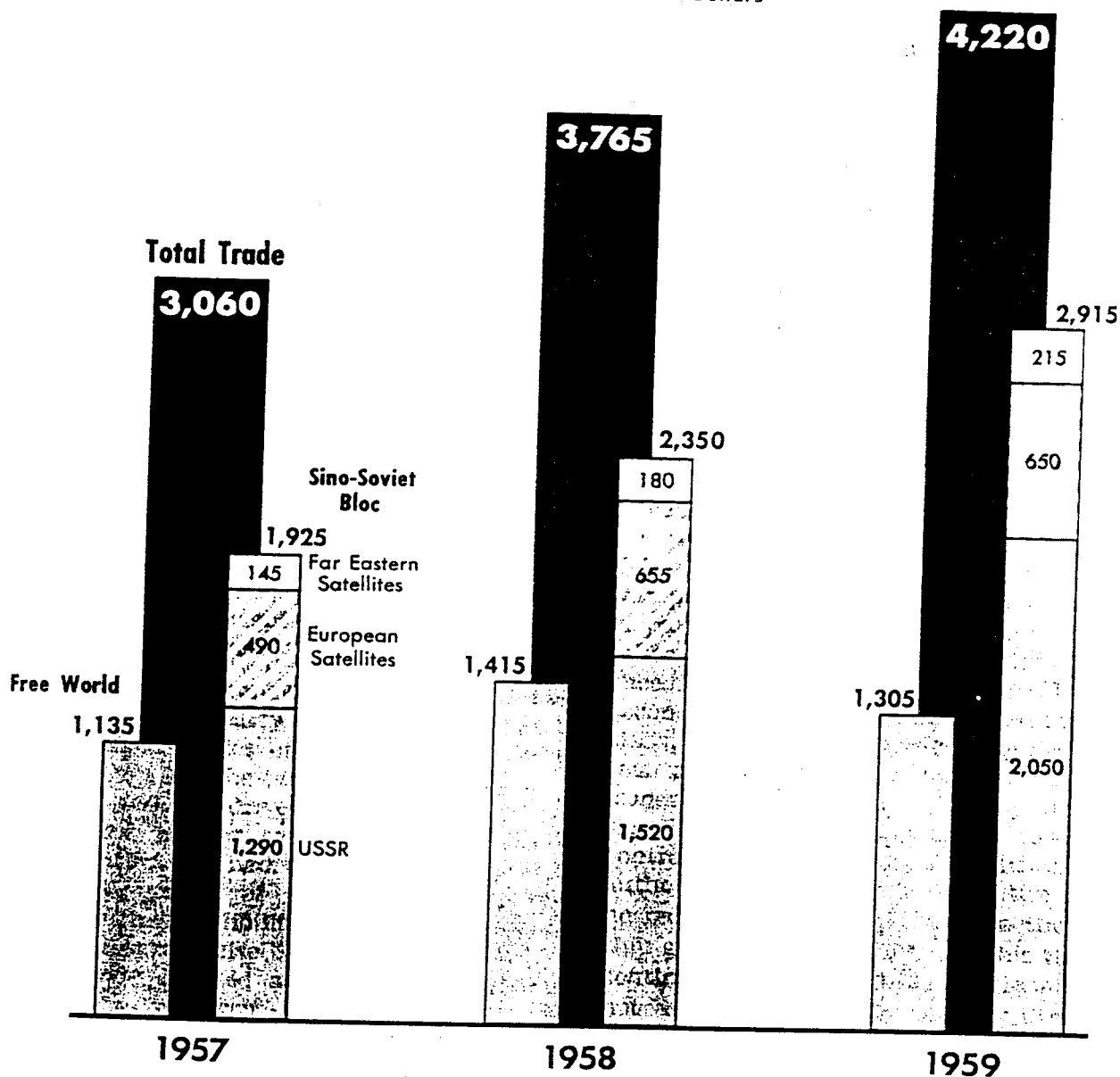
Million linear meters



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COMMUNIST CHINA DIRECTION OF FOREIGN TRADE, 1957-59

Million Current US dollars*



Figures may not add to totals due to rounding.

*Yuan values have been converted to dollar values at dual conversion ratios: 1 yuan to US\$ 0.40 for Free World trade, and 1 yuan to US\$ 0.25 for Bloc trade.

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party cadres has become even more difficult in the past three years as the party leadership has abruptly and repeatedly changed course. For example, the party leaders confessed that many of the original claims of advances made in 1958 were exaggerated, and they suddenly abandoned the deep-plowing and backyard steel-making programs upon which so many millions of people so frantically expended their energies. Moreover, party leaders have publicly criticized the cadres for doing the very things Peiping had only a few months before been directing them to do. As a result there has been some sag in party spirit, and Peiping has felt it necessary to infuse new enthusiasm and discipline into the party.

38. Various measures have been taken in an effort to gain the positive, enthusiastic support of party members. In the 18-month period ending in June 1960, nationwide recruitment was undertaken to reinvigorate the party at the lower levels. About 2.5 million new members were added, bringing the total membership to over 16 million.¹⁰ The party continues to be fairly successful in promoting the idea that membership is a privilege and honor, and in stimulating rank-and-file members with the concept that they are a part of an elite vanguard.

39. Nevertheless, renewed disciplinary measures within the party have become evident. A continuous series of campaigns has been directed against the members since the summer of 1959. A drive against "rightist opportunists" sought to chastise and silence those critics who had questioned the party's extremist policies of 1958-1959 and to re-establish the infallibility of the party leaders. The cadres have also been subjected to a "3-anti" drive directed against bureaucratism, corruption, and waste, and the transfers of cadres to the lower levels serves as another disciplinary tool.

¹⁰ Already the world's largest Communist Party, the CCP is now larger by some four million than the Communist Party of the Soviet Union, although it represents a much smaller proportion of the total population (about 2.3 percent in Communist China; 3.8 percent in the Soviet Union).

40. Another effort to establish the absolute authority of the party has been a nationwide movement in the past year to have all Chinese—party and nonparty alike—embark upon intensive study of the works of Mao Tse-tung, which have become canonized as "the ideology of Mao." Mao has also been credited personally with originating the regime's major policies, and the recent publication of the fourth volume of Mao's works has given new impetus to the "cult of Mao" trend. In addition to reinforcing party authority and unity, this buildup of Mao probably reflects an outcropping of the leadership's nationalist pride and confidence in their superiority as developers of Marxism-Leninism, and challenges the Kremlin by exalting a Chinese as the foremost living Communist theoretician.

41. Although prolonged and acrimonious intraparty debates have occurred in the past three years, party discipline at the top level has enabled the regime to maintain its essential unity and the party has not been forced to resort to Stalin-style open purges. The removal in 1959 of Defense Minister P'eng Teh-huai and Chief of Staff Huang K'o-ch'eng was probably the result of their questioning of party policies, and some others may have fallen from grace or suffered a loss of influence, including Politburo members Ch'en Yun (economic expert) and Chang Wen-t'ien (specialist on foreign policy, including Sino-Soviet relations). In general, however, the party leadership has not been beset by acute factionalism, and Mao appears to continue in control of the party and its policies. Mao's authority, together with the active support he receives from many others in the leadership group, makes it likely that his views will continue to prevail and that factionalism will not be a serious problem while he lives.

42. It is possible that Mao, now 67, will die during the period of this estimate. If so, his influence as the patron saint of Chinese communism will still remain strong, particularly since his heir apparent, Liu Shao-ch'i, appears to favor Mao's policies. Moreover, the tradition of party unity will still carry considerable weight. However, neither Liu

nor any other successor would inherit Mao's personal authority and prestige. As a result, there may be at least a temporary trend toward more collective leadership, perhaps involving compromises on some controversial policies. Alternatively, it is possible that with the disappearance of the centripetal force which Mao exerts, disagreements over policies or power struggles would become more frequent and serious, and the views of the professional military leaders may carry more weight. Moreover, party leadership will begin to devolve upon the second generation.¹¹ Mao's death may thus have considerable repercussions but we believe on balance that it will not cause basic changes in Chinese Communist policy or in the party's ability to enforce its dictates.

43. *The People.* In general the attitude of the overworked, underfed people of China toward the regime is probably best described as resignation. Bitterness is widespread, but it is impossible to say what proportion of the populace it characterizes. The only sustained overt resistance comes from the national minorities, most conspicuously in Tibet. There has been evidence of brave but futile uprisings among the Moslems of China's great Western regions, and there have been isolated instances of hunger-driven attacks on government granaries by peasants. None of this, however, adds up to a serious threat to the regime. The watchfulness of the party, the pervasiveness of the secret police, and the haunting fear of informers preclude the organization of dissidents except in remote areas. Furthermore, there is considerable positive support for the regime. Millions of people have made real advances under Communist rule, and among many there is a feeling of pride in China's rapid advance as a world power.

44. Executions and condemnations to labor reform battalions are not resorted to as much as they were in the early 1950's because more effective methods of control have been developed which have the added virtue of bring-

ing less international disapprobation upon the regime. The use of overwhelming social pressures including accusation and confession meetings is a principal device employed. An effective damper upon dissidence is also provided by the extreme degree of regimentation which is imposed upon the people: they haven't the time, energy, or privacy to organize any kind of antiregime activities. Two new devices of regimentation introduced in the past three years are the commune system and the universal militia.

45. The great economic promises which the regime made for the commune system have remained unfulfilled, but the system has been retained in diluted form throughout the countryside, partly for social and political reasons. "Freeing" the housewife from household chores to work in the fields and factories, caring for children in communal child-care centers, and feeding the people in communal messhalls have all worked to weaken the family and to improve opportunities for surveillance and indoctrination. It is likely that during the period of this estimate the regime will move toward the reinstitution of some of the early commune features.

46. Social-political motivation is even more evident in the case of the urban communes. This program, which was postponed in 1958 when difficulties were encountered, was finally launched in March of 1960, and by July the regime claimed that nearly 55 million urban dwellers had been enrolled. The pattern of organization for urban communes is less standardized than that of the rural ones, but the chief characteristics appear to be the institution of communal messhalls and child-care centers and the release of women to various kinds of subsidiary industrial work. This unpopular program is of dubious economic value, and it has brought few if any real benefits to its members. Like the rural commune, however, it improves the regime's capabilities for regimentation and indoctrination. The use of service teams to do the housecleaning provides a continuing inspection of the workers' quarters and their few personal possessions.

¹¹ The average age of CCP Politburo members is over 60. Mao is 67; Chou En-lai, 62; and Liu Shao-ch'i, about 62.

47. The new militia organization is likewise a potent instrument of control. Although a body of militia outside the army has existed for many years, the present nationwide framework for the militia dates from 1958. At that time it became an integral part of the "Great Leap Forward" and commune programs. From about five million members in 1950, the organization has grown to an estimated 220 million,¹² and includes women as well as men. According to Mao, the militia is not solely, or even primarily, an adjunct of the army, but is intended to serve many purposes: military, labor, educational, and physical culture. The primary tasks of this greatly expanded militia clearly lie in economic and political fields at present. It provides a means of organizing under military discipline a mobile labor corps which can be readily moved wherever it is needed. Units have been engaged in irrigation, flood prevention, cultivation, and construction projects. The organization of these peasants and workers along military lines and subject to military discipline adds one more means of regimenting the individual and preventing the organization of resistance.

48. To the leaders, however, these institutions of control represent only a beginning of the processes of creating a new "Chinese Communist man." The Chinese Communists have published articles praising the prospect of further decline of the family and claiming that love of the state is a far greater and more rewarding thing than love of family. How far they can actually go in changing the Chinese people remains to be seen, but they have already gone much further in regimenting the reputedly individualistic Chinese than most students of China had thought possible.

49. We believe it unlikely that antiregime activities will threaten the regime's ability to control and direct the country during the next five years. The Soviet experience of the early 1930's demonstrated that even mass starvation may not generate resistance that can upset a ruthless totalitarian regime. The

majority of people will probably be dissatisfied with their personal lot under communism, but they will lack any effective means of translating their discontent into active resistance. As disillusionment and the pressures toward dissidence increase, the sophistication and pervasiveness of Peiping's control mechanism will also grow. Peiping's chief problem will be not so much the suppression of dissidence as the overcoming of apathy, fatigue, and passive resistance. In any case, we now see no serious threat, either internal or external, to the continuance of the regime.

C. Military ¹³

50. *General.* There have been no dramatic changes in the size, equipment, or deployment of Communist China's military forces during the past year. Progress toward improving the capabilities and modernizing the equipment of the armed forces has been steady, but not spectacular. Communist China's own munitions industry is growing principally as the result of industrial machinery and technical assistance from the USSR, and Soviet shipments of military equipment to China began to decrease in 1956. Peiping is still dependent upon Moscow for many kinds of military equipment and supply, particularly POL and the more complex items associated with a modern and balanced conventional force. However, during 1960 Soviet shipments of military equipment and machinery for the production of military supplies to China appear to have dropped off sharply.

51. The concept of a large ground force continues to dominate Chinese Communist military doctrine. There are more than 2.8 million men in the military establishment, which is capable of defeating any other non-Soviet Asian force or combination of forces. About 95 percent of them are assigned to the army, making it the largest in the world. In addition to its traditional mission of defending Communist China, the army has important internal security, economic, and political

¹² Only a small percentage of these are militarily effective. See paragraph 52.

¹³ See charts and maps, pages 27ff. for details concerning Chinese Communist military strengths and dispositions.

functions. In fulfilling its functions the army is backed up by a large trained reserve and a huge People's Militia.


52. A few select Militia units have achieved a fair degree of military effectiveness. However, on the whole, the militia lacks the weapons, training, and support that are required in the development of military capabilities. In the strict military sense, the principal value of the militia lies in its potential as a source of partially trained manpower for replacements for the regular armed forces or to free the regular forces from routine internal security tasks.

53. The Chinese Communist Air Force and Naval Air Force have a combined personnel strength of about 82,500 and about 2,300 jet aircraft in operational units. The air force now has about 30 advanced fighters (FARMER/MIG-19) in tactical units. Its air defense capability has improved through modernization of its aircraft control and warning network and an intensified training program for fighter pilots. The air offensive capability lies in a light jet bomber (BEAGLE/IL-28) force of about 420 aircraft, 20 piston medium bombers (BULL/TU-4), and about 145 piston light bombers (BAT/TU-2). The Chinese Communist Navy (including its air force) has an estimated 78,500 men. Its principal strengths are its submarine force (29 ships, including 21 "W" Class), a large and effective motor torpedo boat force, and an extensive minelaying capability.

54. *Relations Between the Party and the Military.* Communist China's senior military and political leaders have worked closely together for many years. At least a third of the members of the Central Committee of the CCP have had extensive military experience, and nearly all of the remaining two-thirds have had some military experience. Every key position in the Ministry of National Defense and in the armed forces is held by a party member whose background includes continuous party activity since the 1920's or 1930's. Until recently there had been no indications of serious differences of opinion among the top leaders.

55. However, in September 1959 the Minister of Defense and the Chief of General Staff were replaced under conditions which strongly suggest that differences of view had developed among the top leaders on a number of important questions. We believe that these questions include the relative priority of military modernization versus economic development, party interference in professional military matters, and the constant involvement of the armed forces in nonmilitary activities like the commune program. In addition, it is likely that there are high-level disagreements concerning strategic concepts and the nuclear weapons issue. No widespread purge within the military appears to have followed the replacement of the Minister of Defense and the Chief of Staff, and it is likely that the present incumbents will attempt to close any gaps which may have developed between military and political thinking. However, as younger military technicians and specialists emerge and assume more responsible positions, it is likely that military-party differences will continue and perhaps increase.

56. *Sino-Soviet Cooperation and Advanced Weapons.* Communist China does not have as yet a missile or nuclear weapons capability of its own. Peiping is giving high priority to a nuclear weapons development program. Until the Chinese Communists develop their own nuclear capability they will remain dependent upon the USSR for military support with nuclear weapons. We believe it unlikely that the Soviets have stationed nuclear weapons in China, but even if they have, such weapons would almost certainly be held under strict Soviet custody. The USSR could give China nuclear weapons from its own stockpile, but it almost certainly has not done so, and we do not believe that the Soviets intend to do so within the foreseeable future. Similarly, we have no evidence that the USSR has equipped the Chinese with surface-to-surface ballistic missiles. There are indications, however, that the Chinese may have received some Soviet air-to-air missiles.



57. We are almost certain that the Chinese Communist desire for a nuclear weapons capability and Soviet reluctance to provide the Chinese such a capability is a major issue in Sino-Soviet relations. The Chinese Communists almost certainly consider that a demonstration of their capability to produce nuclear weapons would confirm their claim to great power status, and they will probably carry their nuclear weapons program forward as rapidly as feasible.

58. Our evidence with respect to Communist China's nuclear program is fragmentary as is our information about the nature and extent of Soviet aid. In what we estimate to be the present state of Chinese Communist competence, the carrying out of fissionable materials production programs requires significant Soviet assistance in the form of technicians, designs, and equipment. As we have estimated earlier, we believe that the Soviets have been moving at a deliberate pace in assisting the Chinese in the nuclear field, seeking to hold Chinese impatience and discontent at a level consistent with the Soviet view of the best interests of the Sino-Soviet relationship. Recent evidence strongly suggests that in the past the USSR has given the Chinese Communists more technical assistance toward the eventual production of nuclear weapons than we had previously believed likely. This evidence is insufficient to establish how much assistance has actually been given, although we believe the aid has been fairly substantial and increasing over the years, at least until recently.

59. The USSR has provided Communist China with a nuclear research reactor and is training nuclear scientists in the Joint Institute for Nuclear Research in Dubna, USSR. The exploitation of native uranium resources has been underway, with Soviet assistance, since 1950. At least 10 deposits are now being worked, and we believe that ore with a uranium metal equivalent of several hundred tons is being mined annually and retained in China. The Chinese Communists have probably initiated the processing of uranium ores into metals, and this leads us to believe they are currently building a plutonium production

reactor. Although there is no conclusive evidence, there are strong indications that they may also be building a U-235 gaseous diffusion plant.

60. On the basis of the fragmentary evidence available, we now believe that the most probable date at which the Chinese Communists could detonate a first nuclear device is sometime in 1963, though it might be as late as 1964, or as early as 1962, depending upon the actual degree of Soviet assistance. Given direct Soviet assistance in fissionable materials, designs, and fabrications, the Chinese could produce a nuclear detonation in China at almost any time in the immediate future. On the other hand, if as a result of Sino-Soviet dissensions there were a lessening of Soviet assistance in the nuclear field, the Chinese Communist progress would be substantially retarded.

61. While the explosion of a nuclear device would give the Chinese Communists political and propaganda rewards, they would almost certainly proceed to create an operational nuclear capability as quickly as feasible. However, at least two years would probably be required after the first test to produce a small stockpile of elementary weapons. Moreover, given economic limitations and the reali-

ties of geography, they would probably rely initially on aircraft as delivery vehicles. They have a few piston medium bombers of the BULL type, which could reach Japan, Taiwan, Okinawa, South Korea, and South Vietnam, as well as additional areas in Southeast Asia. In addition we believe that by 1965 they may have a substantial number of jet medium bombers, assuming continued Soviet assistance.

62. The Chinese Communist missile program, we believe, is in the early research and development phase. The initial production effort will probably be air-to-air rockets with a simple type of radio or infrared guidance system. We believe that they will also go forward as rapidly as they are capable with the development of ballistic missiles, probably concentrating in the first place on a missile with a range of 200-500 n.m., capable of carrying a fission warhead. Such missiles would give them coverage of most of the targets mentioned above. If deployed in Tibet, such missiles would also give coverage of the major cities of northern India. We believe that they could develop such missiles by the late 1960's or, with considerable Soviet assistance, much earlier. We do not believe they could, by themselves, produce the 6,500 n.m. missile necessary to give them a capability against the US until well after 1970.

63. *Trends in the Military Forces.* In addition to pushing its program to attain a nuclear capability, Communist China will probably continue to increase its conventional military capability over the next five years. The rate of increase in Communist China's military capabilities will be determined in large part by the economic demands of the regime's overall economic development program and by the nature and extent of Soviet assistance.

64. By 1965 the Chinese Communist leaders will be more aware of the implications of nuclear weapons and this may have some effect on their strategic thinking. However, Communist China will probably still maintain a mass army. The offensive and defensive capabilities of the air force and naval air force will probably have improved considerably by 1965. Their jet fighter strength will gradually increase and higher performance aircraft will

be introduced. Offensive strength may be further enhanced by the introduction of jet medium bombers. Although Communist China's aircraft industry is becoming less dependent upon imported components, its assembly and production program is still dependent upon the Soviets for original blueprints, technical assistance, and training, and for the more complex electronic and specialized equipment. At present Chinese factories are turning out about 2 MIG-19's¹⁷ and 12 light piston transports (COLT) per month. MIG-19 aircraft and engine production will probably build up to about 18 per month by 1962. We believe that the Chinese Communists are planning to build BADGER (TU-16) and/or CAMEL (TU-104, the transport version) aircraft. Assuming continued Soviet assistance, we estimate that production could begin in the last quarter of 1961. The Chinese Communist Navy will also increase in size and improve its capabilities over the next five years. The shipbuilding industry will almost certainly continue to grow, producing additional and improved ships, primarily of Soviet design, for both the navy and the rapidly increasing merchant marine. Naval construction will include submarines as well as surface ships no larger than destroyers.

D. Summary

65. Despite the difficult problems the regime will encounter, domestic developments during the next five years will provide a stronger base for the regime's pursuit of its ambitious objectives. Its economic dependence upon the rest of the Bloc will be considerably reduced and its military dependence, though still critical in some respects, will lessen somewhat. Although throughout the period the effective striking range of its military forces will be limited to nearby Asian countries, Peiping's

¹⁷ We believe that the Mukden aircraft plant is producing MIG-19 airframes and engines from domestically produced components. The metallurgical industry in Communist China has not yet mastered the technology involved in producing and fabricating the high-grade and high-temperature alloys—including chrome and nickel alloys—used in the manufacture of jet engines. Such alloys must still be imported from Bloc countries.

ability to assert international influence will increase. Peiping's growing impact on world affairs will be greatest in the political field. Its capabilities in economic warfare will also increase, but not to the same extent. The steady growth of the domestic base will probably encourage continued confident aggressiveness of the regime in striving for the rapid advancement of Communist China's international position.

III. COMMUNIST CHINA'S INTERNATIONAL POSITION

A. Peiping's View of the World Situation

66. The Chinese Communists tend to have an astigmatic view of the world and of their own position in it. This distorted image is due in part to their limited exposure to the outside world. Probably of more importance, however, is their tendency to create a picture of the world that gives continuing validity to their own revolutionary experiences and successes, justifies the policies they feel they must pursue to solve their special domestic and international problems, and remains true to certain fundamental Communist precepts. Some of their foreign policy actions continue to demonstrate considerable pragmatic flexibility, and they probably overstate some of their views for polemical purposes. Nevertheless, their interpretation of world developments seems to have a strong doctrinaire and China-centric bias, leading Peiping to an overly optimistic appraisal of the prospects for communism in general and Communist China in particular.

67. In their picture of the world, the Chinese Communists see the alliance of the anti-Communist "imperialist" nations as weakened and divided and the US as frustrated and nearing political bankruptcy in world affairs. Since the advent of Sputnik in late 1957, the Chinese have apparently believed that Soviet weaponry developments have tipped the balance of world military power to the Bloc. They also appear convinced that the Bloc has surpassed the West in political influence in many areas of the world and will

overtake the West in economic power within a few years.

68. The Chinese Communists appear to view the uncommitted and underdeveloped countries as providing the greatest opportunity to hasten the collapse of the capitalist world. They portray the peoples of Asia, Africa, and Latin America as increasingly restive and disillusioned with their governments and with Western imperialism. They appear convinced that the time has come to encourage and support nationalist and Communist revolutions in these areas. This, they apparently believe, would isolate the US, lead to the disintegration of its alliance system, and deprive it of essential markets and raw materials.

69. With this view of the West on the run and the peoples of the uncommitted countries turning toward the Bloc, the Chinese have apparently concluded that unremitting Bloc pressure must be maintained, particularly on the chief enemy, the US, and that the world situation is ripe for exploitation by bold and militant Communist policies, even if a risk of war is involved. Accordingly, during the past year, the Chinese have argued with vigor that: (a) the unchanged and unchangeable nature of "imperialism" will inevitably breed new wars as the imperialist nations are pressed to the wall; (b) serious negotiation with the West is foolhardy, inasmuch as any detente or lessening of tensions would only provide the US a breathing space in which further to increase its preparations for war, and moreover would confuse the people of the world and lull their will to fight against imperialism; (c) emphasis should be placed on supporting revolutionary leftist movements, rather than on wooing nationalistic bourgeois governments; and (d) Bloc policy should not be seriously inhibited by fear of war, because even a nuclear war would not be disastrous. Indeed, the Communist Chinese claim to believe that the horrors of nuclear war are overrated, that at least 300 million Chinese would survive, and that a nuclear war would result in the universal triumph of communism.

B. Sino-Soviet Relations¹⁸

70. These Chinese Communist views of the world situation and Peiping's efforts to propagate them within the Bloc during a time when Soviet leaders were pursuing a more moderate policy emphasizing economic and political competition and minimizing risks of war, led to a sharp dispute between Moscow and Peiping. About June 1960 Khrushchev took the offensive and has since maintained strong pressure on Peiping. Moscow has intensified public attacks on Peiping's "dogmatism" and "narrow nationalism." It has also insisted, although in some cases unsuccessfully, that other Communist parties around the world back the Soviets in the dispute. However, the Chinese have not dropped their criticisms of the Soviets or abandoned their views, and have indeed hinted that they are prepared to rely on their own resources, if necessary, for future economic development.

71. A number of fundamental issues are at stake in the dispute. Foremost is Peiping's challenge to Soviet dominance of international communism. Contributing to this are sharp differences on the basic nature of Bloc policy, a clash of Russian and Chinese national pride, and the personal prestige of Mao and Khrushchev. In short, the controversy has achieved such momentum and involves such basic issues that a serious strain has developed.

72. Nevertheless, the cohesive forces in the alliance remain strong. Moscow and Peiping continue to share common broad objectives, and the recognition of a common enemy and of the many strategic advantages they derive from their alliance. There is almost certainly an acute awareness on both sides of the serious damage that a continued breach would inflict on their respective na-

¹⁸ The judgments in this section appear to be consistent with such information as we now have on the recently adjourned conference in Moscow.

tional interests and on the prospects of international communism. In addition, while the Soviet leaders cannot condone Chinese obstinacy or accept Chinese policy preferences without weakening their control of the Communist movement, they cannot allow an overt and formal breach to occur without a further serious loss of influence over the Chinese and without gravely weakening the international Communist movement as a whole. The Chinese, on the other hand, despite their revolutionary zeal and arrogance, need the continuing economic, political, and military support of the Soviet Union to achieve their ambitious foreign and domestic goals. Moreover, there is strong pressure from the other Communist parties for a resolution of the dispute.

73. However, since the Sino-Soviet disagreement involves such fundamental issues, it seems to us virtually impossible that there can be a return to the relationship of earlier days, with the Soviets dominating a closely-knit alliance. On the other hand, an overt and formal breach like that between the USSR and Yugoslavia in 1948, while possible, seems unlikely. Consequently, we believe that the alliance against the West will hold together, but that the estrangement will continue, with ups and downs as new issues arise. Even if some nominal Sino-Soviet accommodation is reached, the bitterness and suspicions engendered by the present dispute will continue to color the Sino-Soviet relationship. Neither will trust the other as fully as before, and policy coordination will be more difficult. In time—though not necessarily within the next few years—the problems inherent in the relationship could lead to even more serious crises in Sino-Soviet relations.

C. Communist China's Foreign Relations

74. Despite its arrogance and tough talk, in practice Peiping has been following essentially low-risk policies during the past year. This apparent contradiction suggests that Chinese Communist policy is neither irrational nor inflexible. One of Mao's fundamental

concepts has been that a total and irrevocable commitment of forces should not be made unless there is overwhelming superiority over the enemy. Mao and his colleagues are almost certainly aware that Communist China does not possess such superiority at present.

75. The gap between Communist China's words and actions probably corresponds to the gap between its ambitions on the one hand and its own present power position on the other. Communist China's foreign policy will reflect this gap, with both tough and moderate tactics continuing to be applied, at times with little apparent consistency, to the various opportunities and challenges at hand. Though Peiping will assume a pose of sweet reasonableness in many instances, we do have some concern that Peiping's arrogant self-confidence and revolutionary fervor may increase the danger of Chinese miscalculation in Asia.


76. *Policy Toward the US.* The most intense element in Peiping's foreign policy is unremitting hostility toward the US. The Chinese Communists view the US as the major obstacle to their own ambitions and to the general expansion of Communist power and influence in the world. The Chinese Communist leaders have made the US the symbol of evil and maintained a "hate-America" campaign within China which at times has reached a near-frenzied pitch.

77. Still being in a real sense outside the international political arena and unable to challenge the US militarily or economically, Peiping has attempted to undercut US power and influence in the Far East, concentrating its pressures against the offshore islands, Taiwan, Southeast Asia, and Japan. Thus far, however, Communist China has won no clear victories in these areas, and has not been able to increase its own power and influence as rapidly as it has hoped. Especially evident in Chinese Communist foreign policy is a great element of frustration caused by US denial to Peiping of both Taiwan and acknowledged world status as a near-great power which governs China.

78. *The Taiwan Issue.* Much of Peiping's "hate-America" campaign revolves around the Taiwan issue. Peiping has never deviated from its views that the Taiwan question is purely an internal Chinese matter and that, consequently, support of the Nationalist government is "foreign intervention" and "aggression" against Communist China. Peiping will almost certainly not change its objective or views with respect to Taiwan and will remain vehemently opposed to a "two China" solution. It almost certainly will not renounce the use of force in the Taiwan area and will continue to maintain that the only peaceful solution would be for the US to withdraw its military commitments to the Nationalists and its military forces from the Taiwan Strait area.

79. The Chinese Communists are not likely to attempt to take Taiwan by force in the face of strong US defense commitments to the Nationalists. Peiping probably believes that the continued strengthening of its international position and a deterioration of the situation on Taiwan will eventually lead to the collapse of the Nationalists and the recovery of Taiwan. However, Peiping is anxious to speed up the process of acquiring Taiwan.

80. Accordingly, we believe that the Chinese Communists will again initiate a high level of military pressure in the Taiwan Strait area, within the next year or so. The form and nature of this pressure cannot be predicted with assurance. We believe that it will be primarily a probing action designed to test again Nationalist strength and morale and US resolve concerning the defense of the offshore islands and to exacerbate relations between the US and its allies. This action, however, will probably be at a level below that which Communist China estimates would lead to major hostilities with the US. The Soviet



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concepts has been that a total and irrevocable commitment of forces should not be made unless there is overwhelming superiority over the enemy. Mao and his colleagues are almost certainly aware that Communist China does not possess such superiority at present.

75. The gap between Communist China's words and actions probably corresponds to the gap between its ambitions on the one hand and its own present power position on the other. Communist China's foreign policy will reflect this gap, with both tough and moderate tactics continuing to be applied, at times with little apparent consistency, to the various opportunities and challenges at hand. Though Peiping will assume a pose of sweet reasonableness in many instances, we do have some concern that Peiping's arrogant self-confidence and revolutionary fervor may increase the danger of Chinese miscalculation in Asia.


76. *Policy Toward the US.* The most intense element in Peiping's foreign policy is unremitting hostility toward the US. The Chinese Communists view the US as the major obstacle to their own ambitions and to the general expansion of Communist power and influence in the world. The Chinese Communist leaders have made the US the symbol of evil and maintained a "hate-America" campaign within China which at times has reached a near-frenzied pitch.

77. Still being in a real sense outside the international political arena and unable to challenge the US militarily or economically, Peiping has attempted to undercut US power and influence in the Far East, concentrating its pressures against the offshore islands, Taiwan, Southeast Asia, and Japan. Thus far, however, Communist China has won no clear victories in these areas, and has not been able to increase its own power and influence as rapidly as it has hoped. Especially evident in Chinese Communist foreign policy is a great element of frustration caused by US denial to Peiping of both Taiwan and acknowledged world status as a near-great power which governs China.

78. *The Taiwan Issue.* Much of Peiping's "hate-America" campaign revolves around the Taiwan issue. Peiping has never deviated from its views that the Taiwan question is purely an internal Chinese matter and that, consequently, support of the Nationalist government is "foreign intervention" and "aggression" against Communist China. Peiping will almost certainly not change its objective or views with respect to Taiwan and will remain vehemently opposed to a "two China" solution. It almost certainly will not renounce the use of force in the Taiwan area and will continue to maintain that the only peaceful solution would be for the US to withdraw its military commitments to the Nationalists and its military forces from the Taiwan Strait area.

79. The Chinese Communists are not likely to attempt to take Taiwan by force in the face of strong US defense commitments to the Nationalists. Peiping probably believes that the continued strengthening of its international position and a deterioration of the situation on Taiwan will eventually lead to the collapse of the Nationalists and the recovery of Taiwan. However, Peiping is anxious to speed up the process of acquiring Taiwan.

80. Accordingly, we believe that the Chinese Communists will again initiate a high level of military pressure in the Taiwan Strait area, within the next year or so. The form and nature of this pressure cannot be predicted with assurance. We believe that it will be primarily a probing action designed to test again Nationalist strength and morale and US resolve concerning the defense of the offshore islands and to exacerbate relations between the US and its allies. This action, however, will probably be at a level below that which Communist China estimates would lead to major hostilities with the US. The Soviet



estimate of the US response would be the key factor in determining the nature of any prior Soviet commitments to the Chinese and of the restraints the Soviets would seek to impose upon them.

81. *Communist China and the UN.* Communist China has made no concerted drive of its own for membership in the UN, but has relied upon the Soviet Union and several neutralist nations of the Afro-Asian group to present its case. Communist China wants the China seat at the UN both as a symbol of recognition of its big power status, as a blow to the Chinese Nationalists, and as a major defeat of US policy. Peiping would almost certainly refuse to take a seat under any arrangement which provided for continued Nationalist Chinese representation. The future policy of the USSR with respect to the UN is not entirely clear, and Moscow may seek to use the representation issue to embarrass the organization and the US. In any event, the China representation issue will probably become acute next year, since it now appears that the US will have serious difficulty in maintaining the moratorium.

82. *Policies in Asia.* Peiping's policies in Asia have not followed a consistent line. At the Bandung Conference in 1955, their hard, militant approach gave way to a "peaceful co-existence" line. In 1958 and 1959, Peiping reverted to a hard line in Indonesia, India, Japan, and the Taiwan Straits. Apparently realizing they had pushed too hard, the Chinese Communists have again shifted back toward the pre-1958 coexistence theme: they have accommodated Burma in settling the border issue, concluded friendship treaties with Burma, Nepal, and Afghanistan, revived proposals for an Asian peace pact and atom-free zone, and adopted a less adamant and arrogant attitude toward India and Indonesia. Peiping's less belligerent approach towards its Asian neighbors has occurred at the very time that Peiping has been trumpeting for a militant Communist world policy and almost wrecking its relations with Moscow in the process.

83. In Asia, Japan is a priority target for Peiping. The immediate Chinese objective is to weaken Japan's ties with the US and to stimulate Japanese neutralism. Peiping gave strong propaganda support and some covert financial aid to the demonstrations in Japan against the security treaty, and probably believes that its efforts contributed substantially to the cancellation of President Eisenhower's visit and the resignation of the Kishi government. The most significant Communist assets, from Peiping's point of view, are the neutralist sentiments in Japan and the continuing widespread belief among Japanese that more normal relations with mainland China are necessary for Japan. As it has in the past, Peiping may miscalculate Japanese reactions to attempts to influence its policies. However, unless Peiping overplays its hand, an increase in Sino-Japanese trade and cultural relations is probable, and the establishing of diplomatic relations is possible within the period of this estimate.

84. Communist China's growing power will increasingly threaten the stability and orientation of the states of Southeast Asia. In spite of Communist China's militant view of the world situation, we do not believe that Peiping intends to advance its aims in Southeast Asia by overt aggression with its own troops, or those of North Vietnam (DRV). Nevertheless, depending on the circumstances, the Chinese might sponsor the committing of DRV troops, or commit Chinese "volunteer" troops, in the event of US or SEATO military intervention in the Indochina states area. Peiping almost certainly believes at the present time that much of Southeast Asia can eventually be subverted without need of Chinese or DRV invasion, and will almost certainly continue clandestinely to supply equipment, training, and funds to Communist movements in the area. Peiping also may gain a greater degree of direction of these movements than it now appears to enjoy, and its militant outlook may accordingly be reflected in increased revolutionary activity on their part. In any event, awareness of the growing power of Communist China will probably cause certain Southeast Asian governments and leaders to become

more responsive than they now are to Bloc pressures.

85. Unsatisfactory relations with India now constitute one of Peiping's major policy problems in Asia—a problem for which it can find no easy solution. The border dispute is not likely to be resolved soon, although an eventual settlement may be achieved involving Chinese recognition of India's claims in NEFA and Chinese retention of the area it now controls in Ladakh. Even if such a settlement is reached, Communist China's relations with India are likely to remain cool and their rivalry in Asia is likely to intensify.

86. *Policies Elsewhere.* Peiping has been giving great attention to Africa. In the past year Communist China has continued to give strong support to the Algerian revolutionary regime. It signed a treaty of friendship, a trade agreement, and extended a \$25 million credit to Guinea during President Sekou Toure's visit to Peiping. Chinese Communist trade and cultural delegations have visited a number of new African countries. To date, Peiping's efforts have not met with conspicuous success in terms of diplomatic recognition.²¹ However, the failure of any of the new African states at the 1960 General Assembly session to support the US-sponsored moratorium on UN consideration of Chinese representation almost certainly buoys Peiping's expectation of future African diplomatic support. The Chinese Communists undoubtedly also estimate, not without justification, that the confusion, inexperience, anticolonialist sentiment, and racialism which exist in Africa can be exploited not only for Communist, but for Chinese Communist benefit. Increasing Chinese activity is likely and it will constitute a potential source of Sino-Soviet friction.

²¹ In 1959-1960 it obtained recognition from Guinea, Ghana, and Mali. Of the 17 African nations which have achieved independence during 1960, 1 has recognized Peiping, 6 have recognized the GRC, and the remaining 10 have taken no formal stand. Throughout Africa and the Middle East, 10 states recognize Peiping, 15 recognize the GRC, and 12 recognize neither.

87. In general, Communist China has slackened its efforts in the Arab World. Its relations with several of the countries in the area, notably the UAR, have cooled. Peiping appears to have switched interest to Africa, and its influence in the Middle East is likely to rise more slowly than in Africa.

88. In the last several years, the Chinese Communists have greatly stepped up their activities in Latin America. They have been particularly busy in Cuba and have effected a breaking of Cuban relations with the Republic of China and the establishing of diplomatic relations with Peiping. The Chinese Communists apparently pin their hopes in Latin America more to a belief that revolutionary and anti-US sentiment will increase, than to any expectation of soon establishing friendly relations with existing governments other than that of Havana. Peiping will almost certainly further increase its activities in Latin America and may well exert a growing appeal, due in part to China's rapid economic progress from underdeveloped status. Peiping appears even now to have assumed, or been accorded, an increasing role in the guidance of Communist movements in Latin America.

D. Foreign Policy Outlook

89. Despite their impatient and bellicose attitude, we do not believe that the Chinese Communists plan to initiate overt military action in non-Communist Asia in the near future except perhaps in the Taiwan Strait (as discussed in paragraphs 78-80 above). Peiping probably believes present trends in underdeveloped areas generally are moving along lines favorable to Chinese Communist interests and objectives. However, they are anxious to speed up these trends. While retaining a belligerent stance, the Chinese Communists will probably continue to follow policies which they estimate would not run high risk of war with the West, unless they have the backing of the USSR. However, Communist China will probably not hesitate to act tough from time to time, seeking to impress upon the people's of Asia its growing power and presence. At the same time, the Chinese Communists will probably be increasingly

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active in encouraging and supporting indigenous left-wing revolutionary movements throughout the underdeveloped world. Governments aligned with the US will continue to be the objects of periodic Chinese Communist vilification and pressure.

90. We believe that once Communist China detonates a nuclear device, and particularly when it attains a nuclear weapons capability, its foreign policy will become more truculent and militant. A nuclear explosion would also have a strong impact on other countries. The dominant reaction would be a fear that the chances of war had increased, and there would be stronger pressures for full acceptance of Communist China as a member of the world community. While some countries in Asia would increasingly look to the US to provide the counterbalance to Communist China's military strength, there would also be a heightened inclination toward accommodation with Peiping.

91. Even before the explosion of a nuclear device, Peiping's military power and potential may increasingly complicate the international disarmament problem. If Western disarmament negotiations with the USSR make sig-

nificant progress, international pressures will probably grow greatly for Communist China's participation. Peiping's leverage with respect to disarmament will become even greater once China has become a nuclear power. Peiping will exploit this situation in an effort to enhance its international status, but at the same time may attempt to prevent the conclusion of any disarmament agreement, at least until it becomes a nuclear power.

92. In 1965 Communist China will be playing more fully the role of a leading world power, whether or not it is a member of the UN. Its stature in Asia will have grown, and its military, economic, and subversive pressures will increasingly threaten the non-Communist Asian periphery. Peiping's policies will have ranged between a relatively moderate approach and outright toughness, but intense hatred for the US and an eagerness to push the Communist world revolution will probably still be dominant elements of Peiping's outlook. Communist China's arrogance and pretensions will almost certainly remain a source of concern for the USSR. At the same time the danger posed by Communist China to US interests, particularly in Asia, will have increased.

APPENDIX I: SCIENTIFIC AND TECHNOLOGICAL

93. Education in China is now closely focused on the technological needs of the state. Out of a total of about 630,000 students graduated from college by mid-1959, an estimated 300,000 were in scientific and technological fields. However, the quality of scientific and technical education in China is still poor, and the training of most graduates in recent years has been along very narrow specialized lines which ill suit them for creative or independent developments in their fields. Only a very few highly trained scientists are available, probably about 1,000,²² most of them Western-trained. About 30,000 researchers and technicians in all are employed by research organizations. There also is an undetermined but probably much higher number of technically trained persons engaged in engineering development or other technical work primarily related to production. Currently, most new, high-caliber scientific and technical personnel are those trained in the USSR, but by 1965 the Chinese program should be producing some well trained men.

94. The major Chinese effort over the next five years therefore will be devoted to building up a scientific and technological base while channeling their present capabilities into areas essential to national development—improvement of the food supply, public health, heavy industry, and military technology. During this period, they will need and will continue to procure foreign technological aid and exploit Western and Soviet Bloc designs and practices.

95. The expanding biological and agricultural research and development programs related to food supply are not likely to improve greatly, but some gains in agricultural out-

²²This is roughly two percent of the number available in the USSR.

put will probably result from the institution of modern practices. Achievements in health have been impressive in reducing infectious and epidemic diseases, but the level of health and individual medical care will remain poor. Areas important to raising the level of industrial technology, such as chemistry and metallurgy, will continue to show marked weakness despite vigorous efforts. Strong electronic capabilities are now emerging and, by 1965, Chinese capabilities should be approaching those of the more advanced European Satellites.

96. Military modernization is receiving strong emphasis. A fair capability to produce most kinds of conventional armaments is rapidly emerging. Little effort is yet expended on fundamental research in military fields, however. Both naval and aeronautical research facilities are supporting production of aircraft and ships primarily of Soviet design and more advanced models probably will be forthcoming in the next few years, still primarily of Soviet design. While we believe the present chemical warfare capability of Communist China is small and primarily defensive in nature, there is recent evidence of increasing activity in this field. Some CW agents are probably produced and a small but significant research program is believed to be underway. There is little evidence of activity in biological warfare. The Chinese are capable of achieving a modest BW program and a fairly substantial CW program by 1967, if they so desire.

97. In the atomic energy field, as in other fields, there is only a small corps of highly qualified scientists, most of whom received their training in the US, UK, France, or Germany. Although they are probably somewhat hampered by the administrative and training responsibilities which are imposed

upon them, they are capable of carrying forward work in nuclear weapons design. In addition to stepped-up training at home, Peiping is expanding its nucleus of skilled personnel by sending advanced students to the USSR and the Satellites, particularly to the Joint Institute for Nuclear Research at Dubna in the USSR.

98. There is evidence of a growing awareness in Communist Chinese scientific and military circles of the importance of guided missiles in modern warfare, and it can be assumed that an increasing amount of basic scientific effort in China is being directed toward the ultimate development of a native missile capability. There are several outstanding Chinese Communist scientists, some of whom are US trained in missile technology or related fields.

99. Because both the technical and industrial requirements for a missile program are so great and so complex, and because of the lack of intelligence indicating any integration of these requirements toward a guided missile capability, we believe that the Chinese Communists are not yet ready to engage in the testing or production of any type of guided missile. It is possible that they are now in the theoretical or early planning stages.

100. They are believed capable of developing and producing unguided rockets for use with nonnuclear warheads by 1965. Such an endeavor is probable in order to provide the means for delivering large HE warheads at ranges in excess of conventional artillery.

101. A Chinese Communist official has stated that the regime will eventually launch an earth satellite, and there are indications that Chinese personnel are studying rocket technology with Soviet assistance. The Chinese would value highly the political and propaganda gains resulting from a launching. Using Soviet launching equipment, and with Soviet guidance throughout the project, Soviet-trained Chinese Communists could probably perform a successful earth satellite launching about one or two years after initiation of the project. The satellite itself, including scientific instrumentation, could be of Chinese design and manufacture. There is as yet, however, no evidence of the initiation of any projects to launch earth satellites from the territory of Communist China. Any launching from Communist China during the period of this estimate will be the direct result of Soviet participation and the decision to do so would be based on political factors.

APPENDIX II: RELIABILITY OF CHINESE COMMUNIST ECONOMIC STATISTICS

102. The Chinese Communists, like their Soviet mentors, have made it difficult for foreign observers to use official data in gaining a clear understanding of the workings of the economy. They have released only partial data and in various ways presented misleading comparisons in reporting economic production and activities. This requires that Chinese Communist statistics be viewed critically and in some cases substantially discounted.

103. Since 1958 observers have been faced with a complication in the form of agricultural crop reporting which grossly overstated actual production. Our analysis of Peiping's agricultural statistics between 1954 and 1957 indicates that they have been generally consistent and reasonably accurate. However, the patent impossibility of the production claims since 1958 has made it necessary in describing agricultural developments, to construct separate estimates based on evaluation of production factors, marketing and supply availabilities, and government policy directives. While we believe our estimates are consistent with all of these various indicators, they cannot by their nature be considered precise.

104. We believe that political influences, which sought to justify the communes and to spur rural localities to greater production efforts, debauched rural statistical reporting in 1958 and 1959 and inhibited the central statistical authorities from modifying and rationalizing the local data. When the Chinese Communists withdrew their extravagant agricultural claims in August 1959, they lowered the figures for grain and cotton production by one-third. At the same time, production targets for 1959 were correspondingly reduced. Even though top leaders, by their act of recanting in August 1959, seemed genuinely to want to face

facts, they took no effective measures to eliminate political domination of the rural statistical reporting system, which after the 1959 harvests again proved incapable of providing even reasonably accurate crop yield and production data. Whether the reporting system of the 1960 crops is still hopelessly corrupted by politics is unknown. Moreover, even if it were obtaining reliable data, the regime would be reluctant to admit its exaggerations by publishing them.

105. Chinese statistics for industrial production for 1958-1959 also became somewhat more difficult to interpret, although the Leap Forward psychology of these years did not corrupt the official data for industry as seriously as it did for agriculture. Large-scale modern industry, which had a relatively sophisticated accounting system providing reasonably accurate data, contributed most of the increased industrial output. Although the regime appears to have exaggerated the expansion of small-scale, "native" industrial output, its magnitude was not such as to cause major distortions in the total production estimates.

106. Chinese Communist claims for the production of several major industrial commodities and for the performance of the modern transport sector have been evaluated by examining their consistency with the capacity of the industry concerned and with inputs of labor and raw materials. In some instances, the existence of new plants or the expansion of old plants could be confirmed by reports of Western observers. In other cases it has been impossible to assess the practical meaning of claimed increases: for example, the quantity and quality of the three million tons of alleged steel produced in backyard furnaces

in 1958 or the quality of the coal mined in the greatly increased production of 1958-1959. In general, however, this evaluation suggests that the official claims of great achievements in industry and transportation are plausible. Our estimate that the overall value of Chinese industrial production increased 33 percent in

1959 over 1958 was made by weighing and combining the results of this evaluation of claims for individual industrial products. The estimate that industrial output would increase by 25 percent in 1960 over 1959 is based on the 1960 production targets which we believe will be substantially fulfilled.

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APPENDIX III: TABLES AND MAPS

Table I
GROSS NATIONAL PRODUCT, BY END USE 1957-1959

End Use	Billion Yuan in Current Market Prices *			Percentage Distribution		
	1957	1958	1959	1957	1958	1959
Personal consumption expenditures	79.4	86.4	91.2	69.3	63.2	59.6
Gross domestic investment	23.4	39.3	47.9	20.4	28.7	31.3
Net foreign investment	1.0	0.7	0.7	0.9	0.5	0.5
Government purchases of goods and services	10.7	10.4	13.3	9.4	7.6	8.6
Gross national product	114.5	136.8	153.1	100.0	100.0	100.0

* The estimates of GNP in constant 1957 prices are as follows (billion yuan): 1957, 114.5; 1958, 135.6; 1959, 151.5.

Table II
AGRICULTURAL AND NONAGRICULTURAL
EMPLOYMENT* 1957-1965

	Million Persons									Percent Increase 1957-1965
	1957	1958	1959	1960	1961	1962	1963	1964	1965	
Total	<u>287</u>	<u>292</u>	<u>315</u>	<u>321</u>	<u>327</u>	<u>333</u>	<u>339</u>	<u>345</u>	<u>351</u>	22.3%
Agricultural	<u>244</u>	<u>248</u>	<u>260</u>	<u>262</u>	<u>264</u>	<u>266</u>	<u>268</u>	<u>270</u>	<u>272</u>	11.5%
Nonagricultural	43	44	55	59	63	67	71	75	79	83.7%

* Mid-year figures. Figures include civilian employment only.

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Table III
COMMODITY COMPOSITION OF IMPORTS AND EXPORTS
1957-1959

Percentage Distribution by Major Trading Areas

	1957			1958			1959		
	Total	Free World	Soviet Bloc	Total	Free World	Soviet Bloc	Total	Free World	Soviet Bloc
Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agricultural products	53.3	62.1	47.8	53.1	63.0	46.7	48.5	60.1	42.9
Minerals and metals	16.2	9.3	20.6	13.2	6.9	17.2	11.5	7.8	13.3
Chemicals	6.6	4.3	7.8	5.7	4.8	6.3	3.9	3.5	4.1
Industrial products	20.1	20.9	19.6	24.3	23.2	25.1	30.3	24.3	33.1
Miscellaneous	3.8	3.4	4.2	3.7	2.1	4.7	5.8	4.3	6.6
Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agricultural products	9.9	25.6	0	8.6	19.2	0.7	5.7	16.1	0.2
Petroleum products	6.9	0	11.3	5.6	0	9.8	6.4	neg.	9.7
Chemicals	15.3	35.8	2.3	14.1	29.1	3.0	13.2	34.6	2.0
Minerals and metals	7.4	8.4	6.7	20.0	34.1	9.5	13.9	29.6	5.7
Machinery and equipment	43.4	14.3	61.9	39.6	9.9	61.6	47.3	9.6	67.0
Other manufactured goods	6.7	14.2	1.9	3.9	6.9	1.7	3.7	8.8	1.1
All other (mainly Military goods)	10.4	1.7	15.9	8.2	0.8	13.7	9.8	1.2	14.2

Totals do not necessarily equal sum of parts because of rounding.

Table IV
PERFORMANCE OF MODERN FREIGHT TRANSPORT
1957-1965

Sector	1957	1958	1959	1960	1961	1962	1963	1964	1965
<i>billion ton-kilometers</i>									
Performance									
Railroads	134.59	185.52	263.4	350.0	422	495	565	635	700
Motor trucks	3.94	6.96	12.0	18.9	23	27	31	35	39
Inland waterways	20.12	25.07	40.2	55.4	68	80	92	105	125
Coastal shipping	14.27	18.84	28.6	39.5	49	58	67	76	85
TOTAL	172.92	236.39	344.2	463.8	562	660	755	851	949
<i>million metric tons</i>									
Tons carried									
Railroads	274.20	381.09	542.0	720.0	870	1,020	1,170	1,320	1,470
Motor trucks	83.73	176.30	344.0	540.0	655	770	885	1,000	1,115
Inland waterways	40.49	56.66	91.4	126.1	155	183	212	240	269
Coastal shipping	13.28	19.70	31.8	43.9	54	64	74	85	95
TOTAL	441.70	633.75	1,009.2	1,430.0	1,734	2,037	2,341	2,645	2,949

Table V
THE CHINESE COMMUNIST GROUND FORCES

	Units	Estimated Strength
Armies	36	2,681,000 Total *
		7 @ 49,000
		16 @ 48,000
		6 @ 47,000
		6 @ 46,000
		1 @ 21,000
Divisions		
Infantry	115 *	70 @ 15,000
		45 @ 6,000-
		14,000
3 Infantry Regiments		
1 Artillery Regiment		
24 light and medium field artillery pieces		
12 medium mortars		
1 AA battalion		
12 light AA pieces		
12 AA machine guns		
1 AT battalion		
12 x 57/76-mm AT guns		
1 tank-assault gun regiment "		
32 medium tanks		
12 self-propelled assault guns		
Armored	3 *	6,600 each
80 medium tanks		
10 heavy tanks		
8 self-propelled guns		
Airborne	3 *	7,000 each
Cavalry	3 *	5,000 each
Artillery		
Field Artillery	14	5,500 each
108 pieces up to 152-mm		
Rocket Launcher	2	3,300 each
72 x 132-mm multiple rocket launchers		
Antitank	3	3,400 each
96 AT guns		
Antiaircraft	6	1 @ 4,000
1 @ 84 light and medium guns		
5 @ 52 light and medium guns		5 @ 2,700
Public security	17	7,000 each
TOTAL NUMBER OF COMBAT DIVISIONS	166	

* Figure includes support and miscellaneous elements not shown in this Table.

* To date, 70 of the 115 infantry divisions are believed to have the tank-assault gun regiment. (In addition, the ground forces include approximately 68 independent combat regiments including artillery, cavalry, tank, and public security.)

* Counted for purposes of comparison or measurement of line division strength, we consider, on this basis, that the Chinese Communists have an estimated total of 124 line divisions.

Table VI

CHINESE COMMUNIST AIR FORCE AND
NAVAL AIR FORCE

Estimated Operational Strength—1 October 1960

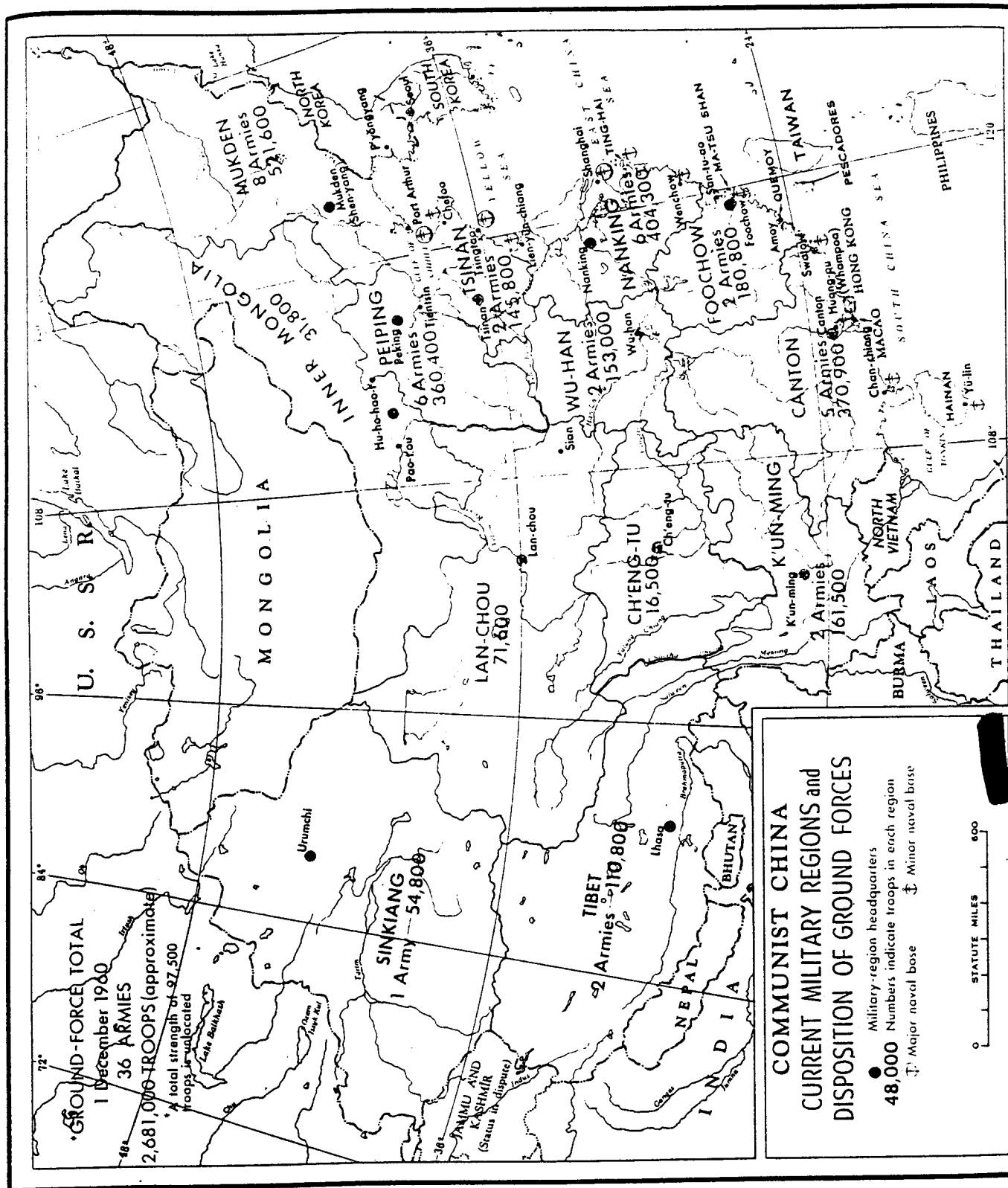
Personnel	NAVY 13,500	AIR FORCE 69,000	Total 82,500
Fighter			
Jet	270	1,410	1,680
Attack			
Jet (Ftr)	0	180	180
Prop	0	40	40
Light Bomber			
Jet	180	240	420
Prop	20	125	145
Medium Bomber			
Prop	0	20	20
Transport			
Prop (Light)	10	145	155
Prop (Small)	0	2	2
Helicopter			
(Light)	10	30	40
Reconnaissance			
Prop (ASW)	10	0	10
Trainer			
Jet (Ftr)	20	105	125
TOTAL	520	2,297	2,817

Table VII

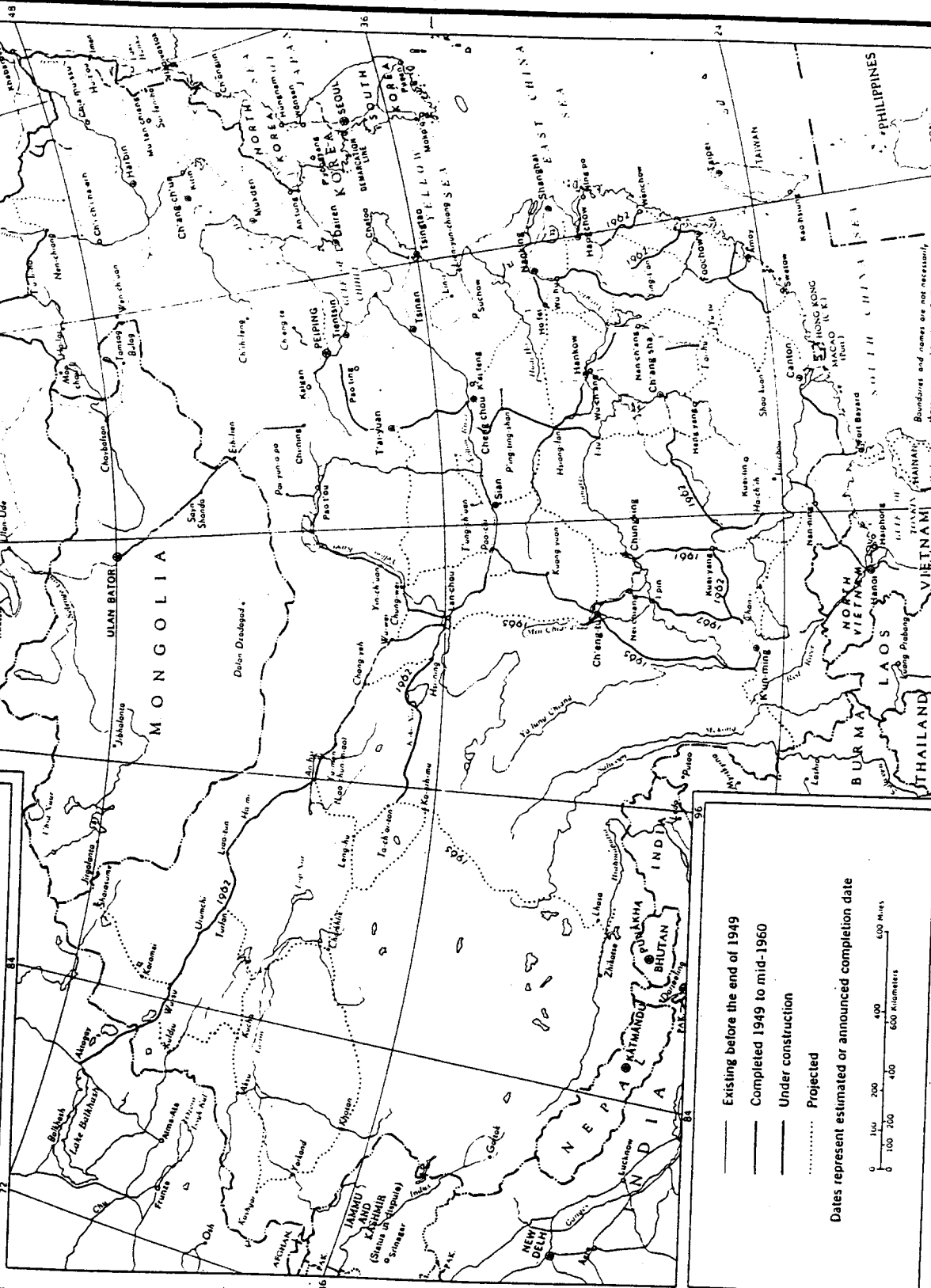
CHINESE COMMUNIST NAVY ESTIMATED
SHIP AND PERSONNEL STRENGTH

1 January 1961

Personnel	78,500 (Includes 13,500 Naval Air Force)
Principal Combatants	
Destroyers (DD)	4
Escort Ships (DE)	4
Submarines (SS)	29
Long-range W-Class	21
Long-range S-1-Class	4
Short-range	4
Patrol	247
Mine Warfare	36
Amphibious Warfare	259
Auxiliary	48
Service	300



COMMUNIST CHINA RAILROADS



- Existing before the end of 1949
 - - - Completed 1949 to mid-1960
 - Under construction
 - Projected
- Dates represent estimated or announced completion date
- 0 100 200 400 600 Miles
0 100 200 400 600 Kilometers

